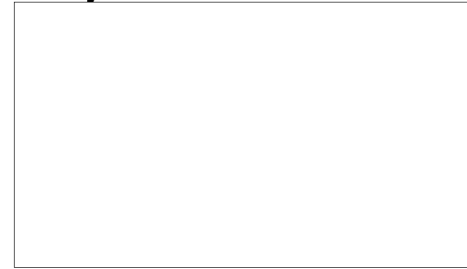




**Director of
Central
Intelligence**

~~**Top Secret**~~



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20 July 1983*

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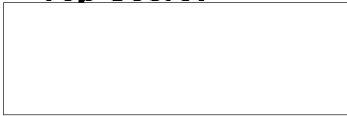
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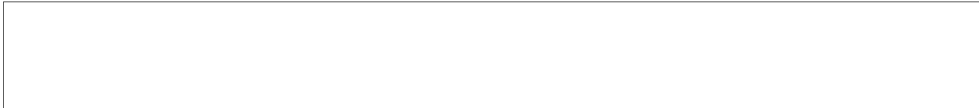
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NICARAGUA-CENTRAL AMERICA: Peace Initiative

The Sandinistas have issued a new peace proposal for the region, and other Central American Foreign Ministers are meeting in Guatemala. [redacted]

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Junta Coordinator Daniel Ortega yesterday called for immediate multilateral negotiations under the auspices of the Contadora Group—Panama, Colombia, Venezuela, and Mexico. The six-point peace plan, which he outlined during ceremonies on the fourth anniversary of the Sandinista revolution, calls for an end both of arms deliveries to government and insurgent forces in El Salvador and of military support to forces opposing other Central American countries. The plan—to be supervised by the UN—proposes a Nicaraguan-Honduran nonaggression pact and a prohibition of foreign military bases and joint military exercises in the region. [redacted]

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Meanwhile, the Foreign Ministers of Guatemala, Honduras, El Salvador, and Costa Rica are meeting in Guatemala City to discuss the results of the Contadora Summit in Mexico City last weekend. Foreign Minister D'Escoto of Nicaragua was absent, reportedly because of the Sandinista anniversary celebrations. [redacted]

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Comment: The Sandinistas made a major concession by dropping their previous insistence on bilateral talks. Although they probably hope to signal a willingness to begin serious negotiations with their neighbors, they may try to use the initiative to shape the agenda for discussion. The Sandinista plan reiterates the recent opposition of the presidents of the Contadora Group to military bases but omits their proposal to withdraw military advisers. [redacted]

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HUNGARY-USSR: Hungarians May Refuse Missiles

In his meetings with Soviet leader Andropov this week, Hungarian party chief Kadar was planning to refuse any positioning of new Soviet nuclear missiles on Hungarian soil in response to NATO INF deployment, according to [] the US Embassy. []

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[] Kadar would propose accepting a new Soviet missile-tracking radar as a compromise. [] the Hungarians would resist a Soviet request to increase defense spending, arguing they cannot afford to do so. Meanwhile, Moscow decided at the summit meeting late last month, with urging from all its allies, not to withdraw from the Geneva talks even if NATO deploys INF, []

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Comment: Direct Hungarian opposition to Soviet wishes on such an important security issue seems unlikely. This report confirms other evidence, however, that Hungary is resisting Soviet pressure for a tough response to NATO INF deployment. The Soviets already have short-range missiles in Hungary and may replace them with newer such systems even without Hungarian approval. []

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EC-US: Seeking Withdrawal of Steel Measures

Following the meeting on Monday of the EC Foreign Affairs Council, British Foreign Secretary Howe outlined to the press a three-step response to the US decision to curb specialty steel imports. The Community initially is to push for GATT consultations with the US later this month aimed at having the US measures withdrawn, and, if this approach fails, the EC plans to seek compensation under GATT provisions. Retaliation—the final step—reportedly was not discussed by the Council, although possible moves are being studied. Howe told reporters that an orderly marketing agreement has not been ruled out. []

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Comment: The Foreign Secretary may have raised hopes that the steel decision would be rescinded by telling his colleagues that views within the US Government are "less than unanimous." He also stated that US officials seemed sensitive to European concerns. The Foreign Ministers at this point probably are expecting some compromise to emerge during GATT consultations. Failing this, retaliatory actions are likely. []

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CHINA-SOUTH KOREA: Visa Offered to Korean Official

Beijing is willing for the first time to permit a South Korean official to enter China. According to Seoul, the Chinese are prepared to issue a visa on a UN travel document—not a South Korean passport—to allow the official to visit China in mid-August with an FAO study group. Seoul had protested to UN executives that China's exclusion of South Korea violated procedures for UN-funded seminars. [REDACTED]

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Comment: The visit may not take place if Seoul and Beijing cannot agree on a visa formula. Seoul wants a formula that respects its sovereignty, but it may be flexible in order to assure that the visit occurs. Beijing probably believes that it is necessary to allow South Korean participation if China is to host certain UN events and that such action also could help influence Seoul to deal firmly with the Chinese hijackers. [REDACTED]

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INDOCHINA: Foreign Ministers' Conference

The Foreign Ministers of Vietnam, Kampuchea, and Laos are meeting in Phnom Penh to discuss the conflict in Kampuchea, but no significant policy changes are likely. [REDACTED]

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Comment: In the past Hanoi has used these semiannual meetings to announce new proposals on Kampuchea, including the establishment of a demilitarized zone along the Thai-Kampuchean border. Previous meetings have endorsed an "empty seat" formula for Kampuchea at the UN and called for an international conference on Southeast Asia to reduce regional tensions. Such proposals are intended to gain international legitimacy for the pro-Hanoi regime in Phnom Penh and to justify Vietnam's military presence in Kampuchea. [REDACTED]

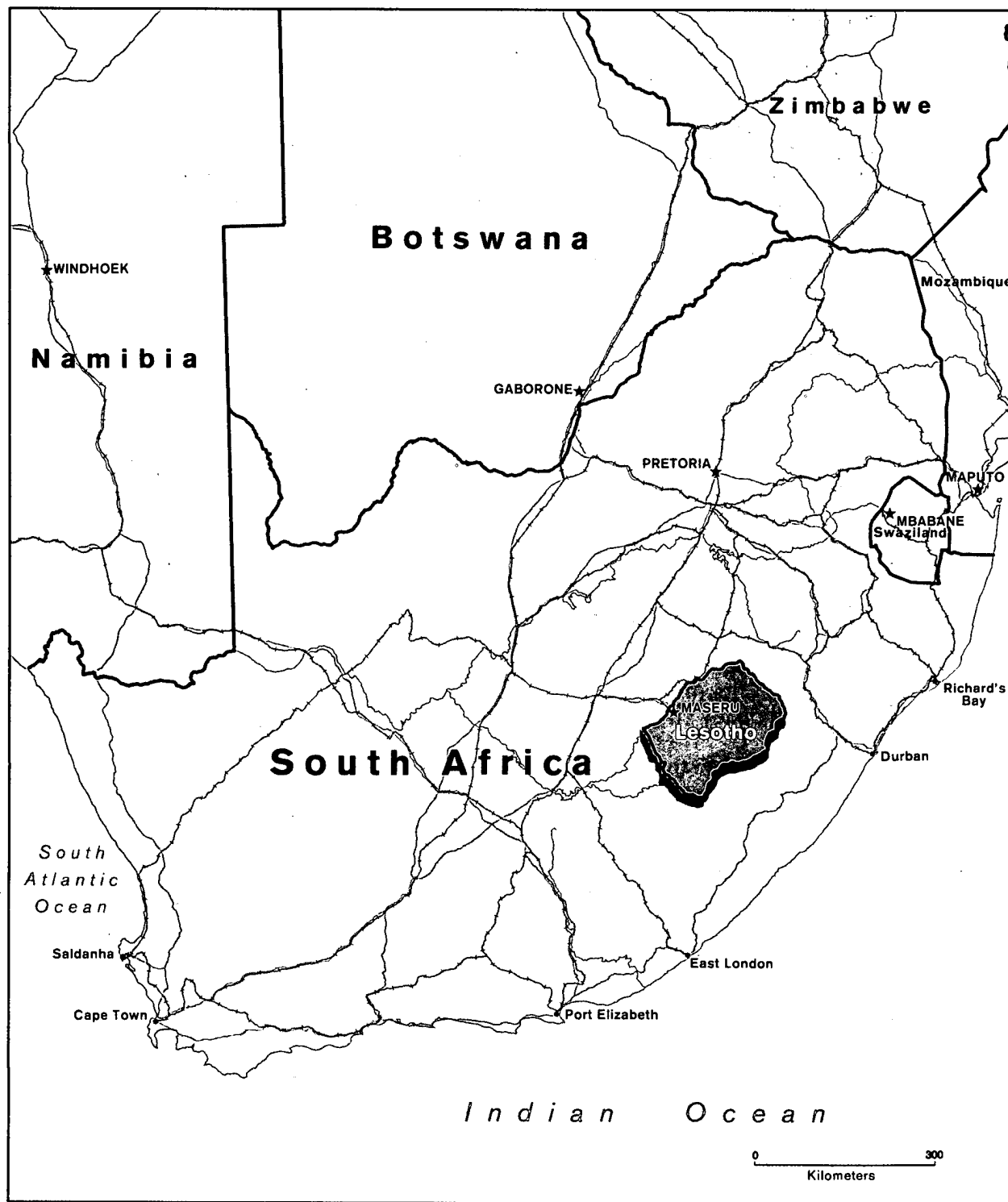
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SOUTH AFRICA-LESOTHO: Growing Tension

The Foreign Minister of Lesotho is trying to persuade Prime Minister Jonathan to expel over 1,000 South African refugees who Pretoria suspects are involved with the African National Congress. South Africa has threatened to reinstitute strict border controls, which had slowed traffic to a crawl seven weeks ago, unless Maseru cracks down on the ANC. [REDACTED]

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Comment: Jonathan is unlikely to expel all of the refugees, but he may order the ouster of the few ANC members in the country who are involved in terrorist operations. Others can easily enter Lesotho, however, and Maseru cannot prevent the ANC from operating from there. Meanwhile, Jonathan is the target of growing domestic criticism because of the deterioration in relations with Pretoria and because of his recent efforts to strengthen relations with Communist regimes. Pretoria probably will try to add to Jonathan's problems by instigating more frequent attacks by South African-backed insurgents in Lesotho and by applying economic pressure. [REDACTED]

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USSR: Criticism at Award Ceremony

Party secretary Gorbachev recently presented Kursk City with an award commemorating a major battle in World War II. Gorbachev's published speech on the occasion, however, focused on the poor performance of the city's leaders in dealing with economic problems. A few days earlier the Council of Ministers in the Russian Soviet Federated Socialist Republic also criticized the leadership in Kursk on similar grounds. [REDACTED]

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Comment: The Politburo's choice of Gorbachev—who was too young to serve during the war—to deliver the stern message contrasts with the upbeat treatment of such occasions during the Brezhnev era. Party ideologues and the military had used such celebrations to inspire a greater sense of patriotism. The incident shows that General Secretary Andropov and his supporters, including Gorbachev and RSFSR Premier Vorotnikov, are more interested in directly addressing economic shortcomings as part of the new "get-tough" approach. [REDACTED]

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Prime Minister Menachem Begin

March 1982



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Special Analysis

ISRAEL: Concern About Begin's Leadership

Prime Minister Begin's decision "for personal reasons" not to make his scheduled trip to the US next week is likely to raise new questions among Israelis about his health and ability to lead. His obvious frailty and apparent lack of attention to domestic matters have already given rise to serious factional problems in the ruling coalition, and now almost certainly will encourage maneuvering among potential successors. The Labor Party, meanwhile, will seek to exploit the growing public concern with Begin's leadership capacity in order to shake his Likud bloc's hold on power.

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In recent months Begin has often seemed withdrawn and apathetic. His gloomy mood and uncharacteristic political reticence first became noticeable last fall, when his wife's health began to fail. Many Israelis believe Begin's physical energy has been substantially depleted by his wife's death in November and further eroded by unsatisfactory developments in Lebanon and the death of his close friend, Deputy Prime Minister Erlich, last month.

The Prime Minister, who will be 70 in August, has had two coronaries and a stroke since 1977.

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Political Maneuvering

The cancellation and Begin's condition are likely to contribute to more intense factional activity in the Likud-dominated coalition than at any time since the election in June 1981. Begin's reluctance to enter the political fray already has led to infighting between Begin's Herut Party colleagues and members of the Liberal Party over the government's economic policies, and between the coalition's religious and secular components.

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The questions surrounding Begin's ability to carry on almost certainly will accelerate the maneuvering among the leading candidates to succeed him. They include Foreign Minister Shamir, Defense Minister Arens, Deputy Prime Minister Levy, Finance Minister Aridor, and Minister Without Portfolio Sharon.

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These officials all have sought to increase their political visibility in order to compensate for the lack of strong leadership at the top and to prepare themselves for the post-Begin era. Their supporters are vying for position in anticipation of the succession race. [REDACTED]

If Begin were to resign or otherwise leave the scene, Shamir is the most likely candidate to succeed him as head of the Herut Party and Prime Minister—at least on an interim basis. The policies of a successor regime under Shamir probably would not differ significantly from those of the current government on key Arab-Israeli issues. Shamir does not command Begin's political authority, however, and he would have to work extremely hard to retain the support of the Herut constituency. [REDACTED]

Labor's Tactics

The Labor Alignment will seek to capitalize on the uncertainty about Begin's capacity to lead by continuing its effort to shake Likud's hold on the government. Party chairman Peres may try to encourage defections from the coalition, particularly from the religious and Liberal Parties, by citing Begin's health and strains in the coalition as evidence of the government's impending disintegration. Labor also will play on the perception of developments adverse to Israel's interests in Lebanon, on the West Bank, and in the economy. [REDACTED]

Although recent public opinion polls reflect a growing doubt about Likud's ability to rule, Labor continues to be handicapped by the rivalry for party leadership between Peres and former Prime Minister Rabin. Until Labor puts its own house in order, it will be hard pressed to offer a credible challenge to a Likud government. [REDACTED]

If Labor argues that the Prime Minister is not fit to lead, a constitutional crisis could ensue. Israeli law does not contain a procedure for determining when a sitting prime minister becomes permanently incapacitated—a contingency that has never arisen in Israel's history. In the past, when Begin has been ill, the cabinet has given him considerable latitude to decide for himself whether to defer his official duties to an acting prime minister. [REDACTED]

Outlook

Begin will have to increase his visibility at home to demonstrate he still is in control. If he does not, cabinet members may eventually find themselves forced to put aside internal differences to take collegial action designed to prevent a leadership vacuum from completely eroding public confidence. The cabinet probably would be reluctant to take any action, however, unless Begin clearly demonstrated incompetence or his doctors ruled that he was not able to continue. [REDACTED]

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